

CITY OF BLOOMFIELD, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2010

CITY OF BLOOMFIELD, IOWA

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CITY OF BLOOMFIELD, IOWA

OFFICIALS
JUNE 30, 2010

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Chris Miller	Mayor	January 2014
Craig Scott	Mayor Pro Tem	January 2011
Jeff Anderson	Council Member	January 2014
Leah Howk	Council Member	January 2014
Jerry Kincart	Council Member	January 2012
Dee Johnson	Council Member	January 2012
Craig Scott	Council Member	January 2012
Carol Taylor	Clerk/Treasurer	Indefinite
Michael Moreland	Attorney	January 2011

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Bloomfield, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield, Iowa as of June 30, 2010, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2010 on our consideration of the City of Bloomfield, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 8 and 21 through 23 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bloomfield, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The financial statements for the three years ended June 30, 2004 (which are not presented herein) were audited by other auditors. The other auditors expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
November 5, 2010

CITY OF BLOOMFIELD, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

The City of Bloomfield, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- Receipts (including transfers) from the City's governmental activities increased 43% or \$1,238,042 from fiscal year 2009 to fiscal 2010.
- Disbursements of the City's governmental activities increased 30% or \$974,788 from fiscal 2009 to fiscal 2010. Public works disbursements decreased \$68,683 while community and economic development expenditures decreased \$144,392, public safety disbursements increased \$98,178, culture and recreation expenditures decreased \$45,386 and capital projects disbursements increased \$1,126,997.
- The City's total cash basis net assets decreased 33% or \$1,212,280 from June 30, 2009 to June 30, 2010. Of this amount, the net assets of the governmental activities decreased \$72,982 and the net assets of the business type activities decreased by \$1,139,298. This decrease is due primarily to capital project expenditures.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets - Cash Basis. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operation in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the non-major governmental funds.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets - Cash Basis reports information that helps answer this question.

The Statement of Activities and Net Assets - Cash Basis present the City's cash basis net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets - Cash Basis is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water, sewer, electric and gas funds. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Capital Projects Funds and 4) the Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operation and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains four enterprise Funds to provide separate information for the water, sewer, electric and gas funds, all four are considered to be major funds of the City.

The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$714,095 to \$641,113. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities

	Year Ended June 30,	
	<u>2010</u>	<u>2009</u>
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 300,307	\$ 299,455
Operating grants, contributions and restricted interest	288,428	322,455
Capital grants, contributions and restricted interest	310,965	-
General receipts:		
Property tax	1,029,162	1,008,141
Local option sales tax	264,442	260,230
Other general receipts	137,377	261,079
Transfers, net	<u>1,777,614</u>	<u>718,893</u>
Total receipts and transfers	<u>4,108,295</u>	<u>2,870,253</u>
Disbursements:		
Public safety	911,793	813,615
Public works	601,284	669,967
Culture and recreation	367,633	413,019
Community and economic development	137,729	282,121
General government	134,076	126,002
Capital projects	<u>2,028,762</u>	<u>901,765</u>
Total disbursements	<u>4,181,277</u>	<u>3,206,489</u>
Net change in cash basis net assets	(72,982)	(336,236)
Cash basis net assets beginning of year, as restated	<u>714,095</u>	<u>1,050,331</u>
Cash basis net assets end of year	\$ <u>641,113</u>	\$ <u>714,095</u>

The City's total receipts and transfers for governmental activities increased 43% or \$1,238,042. Excluding transfers, receipts increased \$179,321 or 8% from the prior year. The increase in receipts was primarily the result of proceeds from grants received by the City during the current year.

The total cost (disbursements) of all programs and services increased by \$974,788 or 30%. The increase in disbursements was primarily the result of more expenditure for capital projects during the current year.

Changes in Cash Basis Net Assets of Business Type Activities

	Year Ended June 30,	
	<u>2010</u>	<u>2009</u>
Receipts:		
Program receipts:		
Water	\$ 703,614	\$ 701,080
Sewer	368,195	345,988
Electric	2,901,103	2,949,244
Gas	1,204,910	1,721,365
Capital grants, contributions, and restricted interest	-	755
General receipts:		
Unrestricted interest on investments	18,892	52,067
Other general receipts	58,038	61,988
Total receipts	<u>5,254,752</u>	<u>5,832,487</u>
Disbursements and transfers:		
Water	740,070	814,644
Sewer	296,558	376,277
Electric	2,662,467	2,313,089
Gas	917,341	1,791,144
Transfers	1,777,614	718,893
Total disbursements and transfers	<u>6,394,050</u>	<u>6,014,047</u>
Net change in cash basis net assets	(1,139,298)	(181,560)
Cash basis net assets beginning of year	<u>2,968,133</u>	<u>3,149,693</u>
Cash basis net assets end of year	\$ <u>1,828,835</u>	\$ <u>2,968,133</u>

Total business type activities receipts for the fiscal year decreased \$577,735 or 10%. The decrease in receipts was primarily the result of a decrease in gas collections.

Total business type activities disbursements and transfers increased \$380,003 or 6%. Excluding transfers, disbursements decreased \$678,718 or 13% from the prior year. This resulted primarily from a decrease in purchased gas by the Gas Fund.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Bloomfield, Iowa completed the year, its governmental funds reported a combined fund balance of \$641,113, a decrease of 72,982 from last year's total of \$714,095. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased \$387,608 from the prior year to \$(475,315).
- The Employee Benefits cash balance increased \$33,577 from the prior year to \$209,907.
- The Farm to Market Capital Project Fund cash balance decreased \$81,716 from the prior year to \$115,996
- The Water and Sewer CDBG Fund cash balance increased \$315,758 from prior year to \$315,758.
- In total the non-major governmental funds cash balance increased \$30,186.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance decreased \$18,638 to \$198,746.
- The Sewer Fund cash balance decreased \$129,171 to \$235,311.
- The Electric Fund cash balance decreased \$1,098,779 to \$358,062, including transfers to the General, Farm to Market, and Spec Building Capital Project Funds totaling \$1,901,016 and transfers from the Road Use Tax, Local Option Sales Tax and Other Tax Increment Financing Funds totaling \$534,902.
- The Gas Fund cash balance increased \$107,290 to 1,036,716.

BUDGETARY HIGHLIGHTS

During the year ended June 30, 2010, the City amended its budget once resulting in a decrease in budgeted expenditures of \$1,423,128.

DEBT ADMINISTRATION

At June 30, 2010 the City had \$280,000 in bonds and other long-term debt, compared to \$410,000 last year, as shown below.

Outstanding Debt at Year End

	Year ending June 30,	
	<u>2010</u>	<u>2009</u>
Revenue notes	\$ <u>280,000</u>	\$ <u>410,000</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. At June 30, 2010, the City had no general obligation debt outstanding and its constitutional debt limit was approximately \$2.4 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Bloomfield, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2011 budget, tax rates and fees charged for various City activities.

Inflation in the Midwest is somewhat higher than the national Consumer Price Index. The Midwest had a CPI increase of 2.551% for fiscal year 2010 compared with the national increase of 2.272%. Inflation has increased in part due to the state of the economy.

These indicators were taken into account when adopting the budget for fiscal year 2011. There were no major changes to the fiscal year 2011 budget. The large projects from the fiscal year 2010 budget are expected to be completed during fiscal year 2011.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carol Taylor, City Clerk, 111 West Franklin, Bloomfield, Iowa 52537.

BASIC FINANCIAL STATEMENTS

CITY OF BLOOMFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Disbursements	Charges for Service	Program Receipts	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Public safety	\$ 911,793	\$ 38,560	\$ 1,688	\$ 257,882
Public works	601,284	181,585	229,913	21,016
Culture and recreation	367,633	80,162	38,813	-
Community and economic development	137,729		18,014	-
General government	134,076	-		-
Capital projects	2,028,762	-	-	32,067
Total governmental activities	4,181,277	300,307	288,428	310,965
Business type activities:				
Water	740,070	703,614	-	-
Sewer	296,558	368,195	-	-
Electric	2,662,467	2,901,103	-	-
Gas	917,341	1,204,910	-	-
Total business type activities	4,616,436	5,177,822	-	-
Total	\$ 8,797,713	\$ 5,478,129	\$ 288,428	\$ 310,965

General receipts:

Property tax levied for:

General purposes

Tax increment financing

Local option sales tax

Unrestricted interest on investments

Miscellaneous

Transfers

Total general receipts and transfers

Change in cash basis net assets

Cash basis net assets beginning of year, as restated

Cash basis net assets end of year

Cash Basis Net Assets

Restricted:

Expendable

Unrestricted

Total cash basis net assets

Net (Disbursements) Receipts and
Changes in Cash Basis Net Assets

Governmental Activities	Business Type Activities	Total
\$ (613,663)	\$ -	\$ (613,663)
(168,770)	-	(168,770)
(248,658)	-	(248,658)
(119,715)	-	(119,715)
(134,076)	-	(134,076)
<u>(1,996,695)</u>	<u>-</u>	<u>(1,996,695)</u>
<u>(3,281,577)</u>	<u>-</u>	<u>(3,281,577)</u>
-	(36,456)	(36,456)
-	71,637	71,637
-	238,636	238,636
-	<u>287,569</u>	<u>287,569</u>
-	<u>561,386</u>	<u>561,386</u>
<u>(3,281,577)</u>	<u>561,386</u>	<u>(2,720,191)</u>
687,520	-	687,520
341,642	-	341,642
264,442	-	264,442
16,274	18,892	35,166
121,103	58,038	179,141
<u>1,777,614</u>	<u>(1,777,614)</u>	<u>-</u>
<u>3,208,595</u>	<u>(1,700,684)</u>	<u>1,507,911</u>
(72,982)	(1,139,298)	(1,212,280)
<u>714,095</u>	<u>2,968,133</u>	<u>3,682,228</u>
\$ <u>641,113</u>	\$ <u>1,828,835</u>	\$ <u>2,469,948</u>
\$ 37,823	\$ 250,753	\$ 288,576
<u>603,290</u>	<u>1,578,082</u>	<u>2,181,372</u>
\$ <u>641,113</u>	\$ <u>1,828,835</u>	\$ <u>2,469,948</u>

CITY OF BLOOMFIELD, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

	General	Special Revenue	Capital Projects	Water & Sewer CDBG	Other Non-Major Governmental Funds	Total
RECEIPTS:						
Property tax	\$ 389,916	\$ 297,604	\$ -	\$ -	\$ -	\$ 687,520
Tax increment financing	-	-	-	-	341,642	341,642
Other City tax	50,653	-	-	-	213,789	264,442
Licenses and permits	38,537	-	-	-	-	38,537
Use of money and property	11,242	-	-	-	5,095	16,337
Intergovernmental	314,947	-	-	32,067	250,849	597,863
Charges for service	296,742	-	-	-	-	296,742
Miscellaneous	63,658	-	-	-	23,940	87,598
Total receipts	<u>1,165,695</u>	<u>297,604</u>	<u>-</u>	<u>32,067</u>	<u>835,315</u>	<u>2,330,681</u>
DISBURSEMENTS:						
Operating:						
Public safety	759,910	151,883	-	-	-	911,793
Public works	379,633	53,559	-	-	168,092	601,284
Culture and recreation	322,721	42,683	-	-	2,229	367,633
Community and economic development	118,904	325	-	-	18,500	137,729
General government	118,499	15,577	-	-	-	134,076
Capital projects	-	-	1,881,716	127,809	19,237	2,028,762
Total disbursements	<u>1,699,667</u>	<u>264,027</u>	<u>1,881,716</u>	<u>127,809</u>	<u>208,058</u>	<u>4,181,277</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(533,972)</u>	<u>33,577</u>	<u>(1,881,716)</u>	<u>(95,742)</u>	<u>627,257</u>	<u>(1,850,596)</u>
Other financing sources (uses):						
Transfers in	146,364	-	1,800,000	411,500	33,316	2,391,180
Transfers out	-	-	-	-	(613,566)	(613,566)
Total other financing sources (uses)	<u>146,364</u>	<u>-</u>	<u>1,800,000</u>	<u>411,500</u>	<u>(580,250)</u>	<u>1,777,614</u>
Net change in cash balances	<u>(387,608)</u>	<u>33,577</u>	<u>(81,716)</u>	<u>315,758</u>	<u>47,007</u>	<u>(72,982)</u>
CASH BALANCES - Beginning of year, as restated	<u>(87,707)</u>	<u>176,330</u>	<u>197,712</u>	<u>-</u>	<u>427,760</u>	<u>714,095</u>
CASH BALANCES - End of year	\$ <u>(475,315)</u>	\$ <u>209,907</u>	\$ <u>115,996</u>	\$ <u>315,758</u>	\$ <u>474,767</u>	\$ <u>641,113</u>
Cash Basis Fund Balances						
Reserved:						
Library building	\$ -	\$ -	\$ -	\$ -	\$ 37,823	\$ 37,823
Unreserved:						
General fund	(475,315)	-	-	-	-	(475,315)
Special revenue funds	-	209,907	-	-	219,817	429,724
Capital projects funds	-	-	115,996	315,758	96,106	527,860
Permanent funds	-	-	-	-	121,021	121,021
Total cash basis fund balances	\$ <u>(475,315)</u>	\$ <u>209,907</u>	\$ <u>115,996</u>	\$ <u>315,758</u>	\$ <u>474,767</u>	\$ <u>641,113</u>

CITY OF BLOOMFIELD, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

	Enterprise Funds				
	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Gas</u>	<u>Total</u>
<u>Operating receipts:</u>					
Charges for service	\$ 703,614	\$ 368,195	\$ 2,901,103	\$ 1,204,910	\$ 5,177,822
<u>Operating disbursements:</u>					
Business type activities	588,817	296,558	2,662,467	917,341	4,465,183
Excess of operating receipts over operating disbursements	114,797	71,637	238,636	287,569	712,639
<u>Non-operating receipts (disbursements):</u>					
Interest on investments	3,070	2,923	3,465	9,434	18,892
Miscellaneous	14,748	7,769	25,234	10,287	58,038
Debt service	(151,253)	-	-	-	(151,253)
Total non-operating receipts (disbursements)	(133,435)	10,692	28,699	19,721	(74,323)
Excess (deficiency) of receipts over (under) disbursements	(18,638)	82,329	267,335	307,290	638,316
<u>Other financing sources (uses):</u>					
Transfers in	-	-	534,902	-	534,902
Transfers out	-	(211,500)	(1,901,016)	(200,000)	(2,312,516)
Total other financing sources (uses)	-	(211,500)	(1,366,114)	(200,000)	(1,777,614)
Net change in cash balances	(18,638)	(129,171)	(1,098,779)	107,290	(1,139,298)
<u>CASH BALANCES - Beginning of year</u>	<u>217,384</u>	<u>364,482</u>	<u>1,456,841</u>	<u>929,426</u>	<u>2,968,133</u>
<u>CASH BALANCES - End of year</u>	<u>\$ 198,746</u>	<u>\$ 235,311</u>	<u>\$ 358,062</u>	<u>\$ 1,036,716</u>	<u>\$ 1,828,835</u>
<u>Cash Basis Fund Balances</u>					
Reserved for:					
Improvements	\$ 250,753	\$ -	\$ -	\$ -	\$ 250,753
Unreserved	(52,007)	235,311	358,062	1,036,716	1,578,082
Total cash basis fund balances	\$ 198,746	\$ 235,311	\$ 358,062	\$ 1,036,716	\$ 1,828,835

CITY OF BLOOMFIELD, IOWA

STATEMENT OF CHANGES IN CASH BALANCES
FIDUCIARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

	Private Purpose Expendable Trusts				
	Avenue of Flags	Drug Awareness Resistance Education	Library Memorial	South Cemetery	Total
<u>Additions:</u>					
Use of money and property:					
Interest on Investments	\$ -	\$ 5	\$ 4,840	\$ 159	\$ 5,004
Miscellaneous:					
Donations	-	-	319,829	-	319,829
Total additions	-	5	324,669	159	324,833
<u>Deductions:</u>					
Culture and recreation:					
Commodities	-	997	2,388	-	3,385
Net change in cash balances	-	(992)	322,281	159	321,448
<u>CASH BALANCES</u> - Beginning of year	47	(391)	196,713	11,513	207,882
<u>CASH BALANCES</u> - End of year	\$ 47	\$ (1,383)	\$ 518,994	\$ 11,672	\$ 529,330
<u>CASH BASIS FUND BALANCES</u>					
Reserved for special purpose	\$ 47	\$ (1,383)	\$ 518,994	\$ 11,672	\$ 529,330

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bloomfield, Iowa is a political subdivision of the State of Iowa located in Davis County. It was first incorporated in 1855 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, electric and gas utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Bloomfield, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Bloomfield, Iowa (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

The Friends of the Bloomfield Library was established as a non-profit corporation in accordance with Chapter 504A of the Code of Iowa. The Friends of the Bloomfield Library is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. Although the Friends of the Bloomfield Library is legally separate from the City, its purpose is to benefit the City of Bloomfield, Iowa (the primary government) by soliciting contributions and managing those funds.

Joint Ventures

The City participates in the Mutchler Community Center Commission. The Commission was developed under a 28E agreement with Davis County for the construction, operation and maintenance of a community center.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Davis County Assessor's Conference Board, Davis County E-911 Joint Service Board and Davis County Emergency Management Commission. The City also participates in the Davis County Regional Service Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

B. Basis of Presentation

Government-wide Financial Statement – The Statement of Activities and Net Assets - Cash Basis reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in the following categories/components:

Nonexpendable restricted net assets are subject to externally imposed stipulations which require them to be maintained permanently by the City.

Expendable restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets - Cash Basis demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statement. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue - The Employee Benefits Fund is used to account for property taxes levied to pay for a portion of the City's employee benefits.

Capital Projects - The Farm to Market Fund is used to account for all receipts(transfers) and disbursements for the Farm to Market Capital Projects. The Water and Sewer CDBG fund is used to account for capital projects financed in part with CDBG funds.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Electric Fund accounts for the operation and maintenance of the City's electric distribution system.

The Gas Fund accounts for the operation and maintenance of the City's gas distribution system.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports fiduciary funds which focus on changes on cash basis net assets. The City's fiduciary funds include the following:

The Private Purpose Trust Funds are used to account for assets held by the City under trust agreements which require income earned to be used to benefit particular programs.

C. Measurement Focus and Basis of Accounting

The City of Bloomfield, Iowa maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

The proprietary funds of the City applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, disbursements did not exceed the amounts budgeted.

NOTE 2: CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

CITY OF BLOOMFIELD, IOWA
NOTES TO FINANCIAL STATEMENTS

NOTE 3: NOTES PAYABLE

Annual debt service requirements to maturity for revenue notes are as follows:

Year Ending June 30,	Revenue Notes	
	Principal	Interest
2011	\$ 135,000	\$ 14,352
2012	<u>145,000</u>	<u>7,467</u>
Total	\$ <u>280,000</u>	\$ <u>21,819</u>

The resolutions providing for the issuance of the revenue notes include the following provisions.

- a. The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- b. Sufficient monthly transfers shall be made to a separate water revenue note sinking account within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- c. An amount equal to 25% of the monthly transfer to the sinking account shall be made to a water reserve account until a specified amount is accumulated and maintained. The water reserve account is required to accumulate the lesser of ten percent of the stated principal amount of the notes, the maximum annual principal and interest coming due on the notes, or 125% of the average annual principal and interest coming due on the notes. At June 30, 2010 the allowable reserve fund amount is computed to be \$28,000.
- d. Additional monthly transfers of \$4,000 to a water improvements account shall be made until a minimum balance of \$400,000 is accumulated. This account is restricted for the purpose of paying for any deficiencies in the revenue note sinking account, then for capital improvements, renewals and replacements and extraordinary repairs.

The City has established the sinking, reserve and improvements accounts required by the note resolution and have complied with the related provisions.

NOTE 4: PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.30% of their annual covered salary and the City is required to contribute 6.65% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$74,843, \$66,220, and \$66,175, respectively, equal to the required contributions for each year.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 5: COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, compensatory time and sick leave payments payable to employees at June 30, 2010, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 35,965
Compensatory time	15,002
Sick leave	<u>79,677</u>
Total	\$ <u>130,644</u>

Sick leave is payable when used or, after an employment period of at least ten (10) years, upon termination, retirement or death.

This liability has been computed based on rates of pay in effect at June 30, 2010.

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 24 active and 3 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a full-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$413 for single coverage and \$1,268 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2010, the City contributed \$227,440 and plan members eligible for benefits contributed \$56,031 to the plan.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 7: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Enterprise: Electric	\$ 87,200
General	Special Revenue: Other Tax Increment Financing	59,164
Capital Projects: Farm to Market	Enterprise: Electric	1,800,000
Capital Projects: Sports Complex	Special Revenue: Hotel/Motel Tax	19,500
Capital Projects: Spec Building	Enterprise: Electric	13,816
Enterprise: Electric	Special Revenue: Road Use Tax	45,000
Electric	Local Option Sales Tax	200,000
Electric	Other Tax Increment Financing	289,902
Capital Projects: Water and Sewer CDBG	Enterprise: Sewer	211,500
Water and Sewer CDBG	Gas	200,000
		\$ <u>2,926,082</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

NOTE 8: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9: DEFICIT BALANCES

The General Fund had a deficit balance of \$475,315 at June 30, 2010. The Road Use Tax Fund had a deficit balance of \$20,481 and the Drug Awareness Resistance Education Fund had a deficit balance of \$1,383. These deficits will be eliminated with future program receipts.

NOTE 10: ECONOMIC DEVELOPMENT LOANS

On April 1, 2001, the City of Bloomfield, Iowa loaned \$300,000 to a local business to construct and equip an assisted and independent living facility to be located in the City. The loan bears interest at 7% and is to be repaid to the City in annual installments of \$42,713 including interest, from April 1, 2001 through April 1, 2011. The loan has a balance of \$39,919 at June 30, 2010.

NOTE 11: HEALTH INSURANCE

The City has a group insurance policy which provides comprehensive medical coverage for eligible employees and, if elected, their spouses and dependents. The City's group insurance is a partial self-funded health plan. Under the partial

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 11: HEALTH INSURANCE (Continued)

self-funded plan, the City will reimburse eligible employee's for deductibles as well as out-of-pocket expenses. The amount of the deductibles and out-of-pocket expenses for employees are as follows:

	<u>Deductible</u>	
	<u>Single</u>	<u>Family</u>
Employee	\$ 500	\$ 1,000
	<u>Out-of-Pocket</u>	
	<u>Single</u>	<u>Family</u>
Employee	\$ 1,500	\$ 3,000

The policy period is from January 1 to December 31. For the policy period the City has a maximum liability commitment of \$110,000. As of June 30, 2010 there is a remaining maximum liability commitment of \$64,807.

NOTE 12: CONSTRUCTION COMMITMENTS

During the year ended June 30, 2010, the City approved various construction contracts. Payments on the contracts will be made as the work on the projects is completed.

NOTE 13: COMMITMENTS AND CONTINGENCIES

Prior to July 1, 2007, the City of Bloomfield, Iowa received on behalf of Davis County Daycare a CDBG grant for \$600,000 to be used for the construction of the daycare facility. In addition, the City also received two USDA loans on behalf of the daycare. These were also used for construction costs. If the daycare were to default on these loans prior to June 30, 2010, the City would be required to return the \$600,000 CDBG grant. During the fiscal year ended June 30, 2008, the daycare experienced financial difficulties, and the City agreed to provide financial support to the daycare. For the year ended June 30, 2010, 2009 and 2008, the City paid Davis County Daycare \$37,080, \$37,580 and \$59,962 respectively, and has agreed to pay an additional \$37,200 for the year ending June 30, 2011.

NOTE 14: RESTATEMENT

During the year ended June 30, 2010 it was determined that two bank accounts belonging to the City had not been included in the audited financial statements for the year ended June 30, 2009.

	<u>General Fund</u>	<u>Government- Wide</u>
Cash Balances June 30, 2009, as previously reported	\$ (87,995)	\$ 713,807
Increases	<u>288</u>	<u>288</u>
Cash Balances June 30, 2009, as restated	\$ <u>(87,707)</u>	\$ <u>714,095</u>

NOTE 15: RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2009 have been reclassified to conform with the June 30, 2010 presentation.

NOTE 16: SUBSEQUENT EVENTS

The City has evaluated subsequent events through November 5, 2010 the date statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BLOOMFIELD, IOWA

BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Less Funds not Required to <u>be Budgeted</u>
<u>RECEIPTS:</u>			
Property tax	\$ 687,520	\$ -	\$ -
Tax increment financing	341,642	-	-
Other City tax	264,442	-	-
License and permits	38,537	-	-
Use of money and property	16,337	18,892	3,171
Intergovernmental	597,863	-	-
Charges for service	296,742	5,177,822	-
Miscellaneous	<u>87,598</u>	<u>58,038</u>	<u>21,060</u>
Total receipts	<u>2,330,681</u>	<u>5,254,752</u>	<u>24,231</u>
<u>DISBURSEMENTS:</u>			
Public safety	911,793	-	-
Public works	601,284	-	-
Culture and recreation	367,633	-	2,229
Community and economic development	137,729	-	-
General government	134,076	-	-
Capital projects	2,028,762	-	-
Business type activities	<u>-</u>	<u>4,616,436</u>	<u>-</u>
Total disbursements	<u>4,181,277</u>	<u>4,616,436</u>	<u>2,229</u>
Excess (deficiency) of receipts over (under) disbursements	(1,850,596)	638,316	22,002
Other financing sources (uses), net	<u>1,777,614</u>	<u>(1,777,614)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(72,982)	(1,139,298)	22,002
<u>BALANCES</u> - Beginning of year, as restated	<u>714,095</u>	<u>2,968,133</u>	<u>99,847</u>
<u>BALANCES</u> - End of year	\$ <u>641,113</u>	\$ <u>1,828,835</u>	\$ <u>121,849</u>

<u>Total</u>	<u>Original</u>	Budgeted Amounts <u>Final</u>	Final to Total Variance
\$ 687,520	\$ 731,624	\$ 731,656	\$ (44,136)
341,642	349,084	349,066	(7,424)
264,442	226,232	226,225	38,217
38,537	33,925	37,575	962
32,058	57,340	64,378	(32,320)
597,863	1,775,413	494,536	103,327
5,474,564	6,346,220	6,352,975	(878,411)
124,576	47,500	427,800	(303,224)
<u>7,561,202</u>	<u>9,567,338</u>	<u>8,684,211</u>	<u>(1,123,009)</u>
911,793	946,635	958,928	47,135
601,284	1,903,835	659,535	58,251
365,404	351,668	415,048	49,644
137,729	452,923	145,781	8,052
134,076	133,553	150,688	16,612
2,028,762	2,444,500	2,123,645	94,883
4,616,436	4,934,224	5,290,585	674,149
<u>8,795,484</u>	<u>11,167,338</u>	<u>9,744,210</u>	<u>948,726</u>
(1,234,282)	(1,600,000)	(1,059,999)	(174,283)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,234,282)	(1,600,000)	(1,059,999)	(174,283)
<u>3,582,381</u>	<u>3,232,017</u>	<u>3,789,965</u>	<u>(207,584)</u>
\$ <u>2,348,099</u>	\$ <u>1,632,017</u>	\$ <u>2,729,966</u>	\$ <u>(381,867)</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

JUNE 30, 2010

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Permanent Funds and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment decreased budgeted disbursements by \$1,423,128. The budget amendments are reflected in the final budgeted amounts.

OTHER SUPPLEMENTARY INFORMATION

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

	Local Option Sales Tax	Road Use Tax	Chevron Tax Increment Financing	Other Tax Increment Financing	Friends of the Bloomfield Library	Local Housing Assistance Program	I-JOBS	Hotel/ Motel Tax
RECEIPTS:								
Tax Increment financing	\$ -	\$ -	\$ -	\$ 341,642	\$ -	\$ -	\$ -	\$ -
Other City tax	187,336	-	-	-	-	-	-	26,453
Use of money and property	-	-	-	-	3,171	-	-	-
Intergovernmental	-	229,913	-	-	-	-	11,360	-
Miscellaneous	-	-	-	-	21,060	-	-	-
Total receipts	<u>187,336</u>	<u>229,913</u>	<u>-</u>	<u>341,642</u>	<u>24,231</u>	<u>-</u>	<u>11,360</u>	<u>26,453</u>
DISBURSEMENTS:								
Operating:								
Public works	-	168,092	-	-	-	-	-	-
Culture and recreation	-	-	-	-	2,229	-	-	-
Community and economic development	-	-	-	-	-	3,135	11,360	4,006
Capital projects	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>168,092</u>	<u>-</u>	<u>-</u>	<u>2,229</u>	<u>3,135</u>	<u>11,360</u>	<u>4,006</u>
Excess (deficiency) of receipts over (under) disbursements	<u>187,336</u>	<u>61,821</u>	<u>-</u>	<u>341,642</u>	<u>22,002</u>	<u>(3,135)</u>	<u>-</u>	<u>22,448</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(200,000)	(45,000)	-	(349,066)	-	-	-	(19,500)
Total other financing sources (uses)	<u>(200,000)</u>	<u>(45,000)</u>	<u>-</u>	<u>(349,066)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,500)</u>
Net change in cash balances	(12,664)	16,821	-	(7,424)	22,002	(3,135)	-	2,948
CASH BALANCES - Beginning of year	<u>78,388</u>	<u>(37,302)</u>	<u>244</u>	<u>64,621</u>	<u>99,847</u>	<u>9,083</u>	<u>-</u>	<u>24,211</u>
CASH BALANCES - End of year	<u>\$ 65,724</u>	<u>\$ (20,481)</u>	<u>\$ 244</u>	<u>\$ 57,197</u>	<u>\$ 121,849</u>	<u>\$ 5,948</u>	<u>\$ -</u>	<u>\$ 27,159</u>
Cash Basis Fund Balances								
Reserved:								
Library building	\$ -	\$ -	\$ -	\$ -	\$ 37,823	\$ -	\$ -	\$ -
Unreserved:								
Special revenue funds	65,724	(20,481)	244	57,197	84,026	5,948	-	27,159
Capital project funds	-	-	-	-	-	-	-	-
Permanent funds	-	-	-	-	-	-	-	-
	<u>\$ 65,724</u>	<u>\$ (20,481)</u>	<u>\$ 244</u>	<u>\$ 57,197</u>	<u>\$ 121,849</u>	<u>\$ 5,948</u>	<u>\$ -</u>	<u>\$ 27,159</u>

SCHEDULE 1

Capital Projects						Permanent		Total
Spec Building	Mainstreet	ABCM Corporation Economic Development	Park Improvements	Lake Project	Sports Complex	IOOF Cemetery Perpetual Care	Library Bequest	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 341,642
-	-	-	-	-	-	-	-	213,789
-	-	-	-	-	-	1,774	150	5,095
-	9,576	-	-	-	-	-	-	250,849
-	-	-	-	-	-	2,880	-	23,940
-	9,576	-	-	-	-	4,654	150	835,315
-	-	-	-	-	-	-	-	168,092
-	-	-	-	-	-	-	-	2,229
-	-	-	-	-	-	-	-	18,500
14,237	5,000	-	-	-	-	-	-	19,237
14,237	5,000	-	-	-	-	-	-	208,058
(14,237)	4,576	-	-	-	-	4,654	150	627,257
13,816	-	-	-	-	19,500	-	-	33,316
-	-	-	-	-	-	-	-	(613,566)
13,816	-	-	-	-	19,500	-	-	(580,250)
(421)	4,576	-	-	-	19,500	4,654	150	47,007
421	11	41,707	312	30,000	-	110,990	5,227	427,760
\$ -	\$ 4,587	\$ 41,707	\$ 312	\$ 30,000	\$ 19,500	\$ 115,644	\$ 5,377	\$ 474,767
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,823
-	-	-	-	-	-	-	-	219,817
-	4,587	41,707	312	30,000	19,500	-	-	96,106
-	-	-	-	-	-	115,644	5,377	121,021
\$ -	\$ 4,587	\$ 41,707	\$ 312	\$ 30,000	\$ 19,500	\$ 115,644	\$ 5,377	\$ 474,767

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2010

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
Revenue notes:			
Water revenue refunding capital loan notes	May 1, 2001	5.10 - 5.15%	\$ <u>1,265,000</u>

SCHEDULE 2

Balance Beginning of Year	Issued During Year	Redeemed/ Cancelled During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ <u>410,000</u>	\$ <u>-</u>	\$ <u>130,000</u>	\$ <u>280,000</u>	\$ <u>20,853</u>	\$ <u>-</u>

CITY OF BLOOMFIELD, IOWA

NOTE MATURITIES
JUNE 30, 2010

<u>Year</u> <u>Ending</u> <u>June 30,</u>	<u>Revenue Notes</u>	
	<u>Water</u>	
	<u>Issued May 1, 2001</u>	
	<u>Interest</u> <u>Rates</u>	<u>Amount</u>
2011	5.10	135,000
2012	5.15	<u>145,000</u>
Total		\$ <u>280,000</u>

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS

FOR THE LAST NINE YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>RECEIPTS:</u>				
Property tax	\$ 687,520	\$ 670,808	\$ 648,956	\$ 648,869
Tax increment financing	341,642	337,333	229,279	195,389
Other City tax	264,442	260,230	222,356	214,790
Licenses and permits	38,537	39,893	6,383	34,314
Use of money and property	16,337	34,472	86,602	75,362
Intergovernmental	597,863	322,455	704,311	344,541
Charges for service	296,742	299,455	250,983	248,742
Miscellaneous	87,598	186,714	149,039	188,282
Total	\$ <u>2,330,681</u>	\$ <u>2,151,360</u>	\$ <u>2,297,909</u>	\$ <u>1,950,289</u>
<u>DISBURSEMENTS:</u>				
Operating:				
Public safety	\$ 911,793	\$ 813,615	\$ 712,514	\$ 566,472
Public works	601,284	669,967	747,352	924,508
Culture and recreation	367,633	413,019	290,368	262,538
Community and economic development	137,729	282,121	202,406	206,898
General government	134,076	126,002	106,464	112,061
Debt service	-	-	-	-
Capital projects	<u>2,028,762</u>	<u>901,765</u>	<u>117,499</u>	<u>27,720</u>
Total	\$ <u>4,181,277</u>	\$ <u>3,206,489</u>	\$ <u>2,176,603</u>	\$ <u>2,100,197</u>

SCHEDULE 4

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 677,166	\$ 700,028	\$ 687,854	\$ 601,513	\$ 576,651
48,809	72,923	128,446	123,729	104,117
207,427	202,659	120,634	17,100	15,528
37,308	5,715	4,677	5,935	4,921
63,639	54,844	55,716	56,231	65,499
453,287	847,035	465,412	435,292	320,761
261,650	266,904	240,094	240,822	234,057
63,940	50,232	79,656	193,619	110,869
\$ <u>1,813,226</u>	\$ <u>2,200,340</u>	\$ <u>1,782,489</u>	\$ <u>1,674,241</u>	\$ <u>1,432,403</u>
\$ 571,870	\$ 535,694	\$ 545,478	\$ 565,348	\$ 531,660
477,861	520,585	737,083	467,857	514,263
307,765	262,042	268,797	327,575	270,927
95,360	471,511	176,650	394,594	111,106
104,437	104,241	117,787	115,138	124,218
-	-	258,414	55,846	58,712
2,356,824	819,655	-	-	182,799
\$ <u>3,914,117</u>	\$ <u>2,713,728</u>	\$ <u>2,104,209</u>	\$ <u>1,926,358</u>	\$ <u>1,793,685</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
Members of the City Council

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated November 5, 2010. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Bloomfield, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Bloomfield, Iowa's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings as item II-A-10 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings as items II-B-10, II-C-10, II-D-10, II-E-10 and II-F-10 and II-G-10 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bloomfield, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Bloomfield, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Bloomfield, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Bloomfield, Iowa and other parties to whom the City of Bloomfield, Iowa may report including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Bloomfield, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
November 5, 2010

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2010

Part I: Summary of the Independent Auditor's Results

- a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

Significant Deficiencies:

- II-A-10 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash is received and recorded by the same person.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

- II-B-10 Payroll - During our testing of Internal Control it was determined that one employee was being withheld as single but the W-4 for this employee was marked as married.

Recommendation – The payroll system withholdings should match the W-4's that have been completed by the employees. The payroll system withholdings should be changed to match the W-4.

Response – We will consult with the employee to see if a change is needed and either the information in the payroll system will be changed or a new W-4 will be completed by the employee.

Conclusion – Response accepted.

- II-C-10 Paid Invoices - During our testing of Internal Control, one paid invoice was noted that did not include the general ledger account coding. The City's internal controls include a step that all invoices are coded to the proper general ledger account prior to payment and posting to the computer system.

Recommendation – The City should follow its policies regarding general ledger coding of accounts payable invoices.

Response – We will do so in the future.

Conclusion – Response accepted.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2010

- II-D-10 Volunteer Fire Department 1099's/W-2's - Volunteer firemen were paid for the number of fire calls they made, but were not issued a W-2 or 1099 for the amounts they received. These payments were made by Volunteer Fire Department officials and City staff were unaware these payments were being made.

Recommendation – The City should issue W-2's or 1099's to the firemen on the Volunteer Fire Department's behalf for 2007, 2008, 2009 and 2010.

Response – The City will begin paying the firemen through its payroll system and issue W-2's for the 2010 calendar year. We will consult with the City Attorney regarding previous years.

Conclusion – Response accepted.

- II-E-10 Volunteer Fire Department Records – Backup documentation of 35 checks (invoices or other receipts) and 10 deposits (receipts or check stubs) could not be located.

Recommendation – Proper documentation should be maintained for all checks and deposits to ensure that the records for the Volunteer Fire Department are proper.

Response – Just prior to June 30, 2010, the bank accounts of the Volunteer Fire Department were closed and the proceeds were deposited into the City's bank account. All bookkeeping for the Volunteer Fire Department will now be done as part of the City's accounting system.

Conclusion – Response accepted.

- II-F-10 Volunteer Fire Department Cash Withdrawals – Two cash withdrawals were made from the Volunteer Fire Department's bank accounts, but details for what these amounts were used for were not maintained.

Recommendation – The Volunteer Fire Department should maintain records and receipts for all disbursements of public monies, including cash disbursements.

Response – See response to II-E-10.

Conclusion – Response accepted.

- II-G-10 Library Receipts – Library receipts for fees and fines are currently deposited in the Library Memorial Fiduciary fund. The library was then expending these amounts out of the same fund.

Recommendation – According to the Code of Iowa and the City of Bloomfield's ordinances, receipts for fees and fines should be deposited into the City's general fund.

Response – We will do so.

Conclusion – Response accepted.

Instances of Noncompliance - No matters were noted.

Part III: Other Findings Related to Required Statutory Reporting

- III-A-10 Certified Budget – Disbursements during the year ended June 30, 2010 did not exceed the amounts budgeted.

- III-B-10 Questionable Disbursements – No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

- III-C-10 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2010

Part III: Other Findings Related to Required Statutory Reporting (Continued)

III-D-10 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Craig Scott, Council Member	Maintenance at Bloomfield Fire Department	\$930

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Craig Scott do not appear to represent conflicts of interest since the total transactions were less than \$1,500 during the fiscal year.

III-E-10 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

III-F-10 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not. However, in accordance with the Code of Iowa, minutes are required to be published within two weeks of the Council meeting. The minutes for the meeting held December 3, 2009 were not published within two weeks of the Council meeting.

Recommendation – The Council should ensure all minutes are published to comply with the Code of Iowa.

Response – We will do so from now on.

Conclusion – Response accepted.

III-G-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investments policy were noted.

III-H-10 Financial Condition – The following funds had deficit balances at June 30, 2010: General, Road Use Tax and Drug Awareness Resistance Education.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return the accounts to a sound financial position.

Response – We will review our budgeting and financial management procedures. The deficits will be eliminated with future receipts.

Conclusion – Response acknowledged.

III-I-10 Revenue Bonds and Notes – No instances of non-compliance with revenue bond and note resolutions were noted.